



STATE BOARD OF LAND COMMISSIONERS

Dirk Kempthorne, Governor and President of the Board

Ben Ysursa, Secretary of State

Lawrence G. Wasden, Attorney General

Keith L. Johnson, State Controller

Marilyn Howard, Superintendent of Public Instruction

Winston A Wiggins, Secretary to the Board

Final Minutes Regular Land Board Meeting November 12, 2003

The regular meeting of the Idaho State Board of Land Commissioners was held on Wednesday, November 12, 2003 in Boise, Idaho. The meeting began at 10:15 a.m. The Honorable Dirk Kempthorne presided. The following members were present:

Honorable Secretary of State Ben Ysursa
Honorable Attorney General Lawrence G. Wasden
Honorable State Controller Keith L. Johnson
Honorable Superintendent of Public Instruction Marilyn Howard

Secretary to the Board Winston A Wiggins

• CONSENT AGENDA

Director Wiggins provided background information on the Consent Agenda items.

A motion was made by State Controller Johnson to approve the Consent Agenda in its entirety. Superintendent Howard seconded the motion. The motion carried on a vote of 5-0.

1. Director's Report – approved

- A. Interest Rate on Department Transactions – September 2003; October 2003
- B. Bureau of Surface and Resource Management, Minerals Section, Official Transactions – August 2003; September, 2003
- C. Bureau of Real Estate, Land Sale Section, Official Transactions – August 2003; September 2003
- D. Bureau of Real Estate, Easement Section, Official Transactions – August 2003; September 2003
- E. Bureau of Surface and Resource Management, Range Management and Surface Leasing Section, Official Transactions – August 2003; September 2003
- F. Timber Sale Official Transactions – August 27, 2003 through October 28, 2003
- G. Timber Sale Activity Report
- H. Legal Matter Summary
- I. Fire Season Update

2. Endowment Fund Investment Board's Manager's Report – *Staffed by Matthew Haertzen, CFA, Manager of Investments, EFIB*

DISCUSSION: Mr. Haertzen stated the total account, fiscal year-to-date, is up approximately 8.5%. The solid start experienced has been driven almost exclusively by strong equity market performance

and what appear to be significant signs of recovery in the economy. The endowment shows a fiscal year gain of approximately \$65 million.

Strong Capital. Mr. Haertzen provided information regarding Strong Capital, an endowment fund manager. Recently, Strong Capital has been in the news over an issue of market timing. Press information initially was restricted to a few lower level Strong Capital staff. However, two weeks ago, Dick Strong was implicated in market timing of his own mutual fund trades. This news brought into question the ethics at the top of the organization. Upon hearing the news of Dick Strong's involvement with the market timing issue, the EFIB held an Executive Committee meeting and decided that the EFIB's relationship with Strong Capital would be terminated. All positions within the Strong Capital portfolio have been liquidated and have been moved into index funds.

Generally action to replace a manager would not be taken this quickly. However, the concern is that the Strong product in the EFIB portfolio is a small cap value product with very small stocks being traded. Strong actually has a mutual fund that parallels the separate accounts used by the EFIB. As such, Strong owns a large percentage of a number of companies. A decision was made to sell those names before retail investors panicked and pulled out of the fund. Those retail investors could force the fund to sell, which would drive prices down. The EFIB will conduct a very thorough analysis in looking for a small cap value replacement.

Governor Kempthorne complimented Mr. Haertzen and the EFIB for taking quick action on this matter. He asked if overall the fund is on the upswing. Mr. Haertzen stated the economy is continuing to recover. State receipts have been higher than expected and that theme has been reflected nationally. If the trend continues, the hope is that equity markets will remain strong.

BOARD ACTION: No action was taken on this agenda item.

3. Timber Sales – Staffed by Bob Helmer, Chief, Bureau of Forest Management – approved

A. Moose Hunt	CR-10-0329	4,400	MBF
B. Bonner Poles	CR-2-0241	400	MBF
		98,125	LF
C. Cloverleaf Pole	CR-41-0016	625	MBF
		250,850	LF
D. Jughandle	CR-50-0110	5,586	MBF
E. South Johnson	CR-50-0115	4,030	MBF
F. North Pine	CR-50-0118	3,071	MBF

4. Application for Qualified Bidders List, Timber Sales – Staffed by Bob Helmer, Chief, Bureau of Forest Management – approved

A. Plummer Forest Products, 732 10th Street, Post Office Box 759, Plummer, ID 83851

BOARD ACTION: Approved.

5. Request for Approval of Disclaimer of Interest from Tim F. Fease and Kathy A. Ellensohn for Former Riverbed Land Located in Ada County – Staffed by Perry A. Whittaker, Chief, Bureau of Real Estate – approved

DEPARTMENT RECOMMENDATION: It is recommended that a disclaimer of interest be issued for this parcel of land totaling 193 square feet (0.004 acres), and 2.02 acres of the former bed of the Boise River. The applicant will grant a 25.00 foot wide unimproved pedestrian easement for

approximately 635.52 feet along the ordinary high water mark of the north bank of the Boise River. The recommended fee is \$600.00.

BOARD ACTION: Approved.

6. Request for Approval of a Process to Resolve Boundary Line Issues on Property in Eastern Idaho – Staffed by Lorna Jorgensen, Deputy Attorney General, IDL – approved

DEPARTMENT RECOMMENDATION: That the Board approve the proposed process and conceptual land exchange.

DISCUSSION: State Controller Johnson asked if the Hoopes support this proposal. Director Wiggins stated it is his understanding that this agreement has been worked out with the Hoopes. In fact, they discovered the error and informed us of the problem. Controller Johnson asked if the Hoopes are represented by legal counsel. Assistant Director Biladeau responded one of the Hoopes is an attorney. However, whether he was there as a landowner or as legal counsel was not indicated.

BOARD ACTION: Approved.

7. Minutes – approved

A. Regular Land Board Meeting – September 9, 2003

• **EXECUTIVE SESSION - WITHDRAWN**

A. To Consider Records that are Exempt from Disclosure [[Idaho Code § 67-2345\(1\)\(d\)](#)]

B. To Consider and Advise Its Legal Representatives in Pending Litigation or Where There is a General Public Awareness of Probable Litigation [[Idaho Code § 67-2345\(1\)\(f\)](#)]

C. To Consider Personnel Matters [[Idaho Code § 67-2345\(1\)\(b\)](#)]

There being no further business to come before the Board, the meeting adjourned at 10:23 a.m.

IDAHO STATE BOARD OF LAND COMMISSIONERS

/s/ Dirk Kempthorne

President, State Board of Land Commissioners and
Governor of the State of Idaho

/s/ Ben Ysursa

Ben Ysursa
Secretary of State

/s/ Winston A Wiggins

Winston A Wiggins
Director

The above-listed final minutes were approved by the State Board of Land Commissioners at the December 8, 2003 regular Land Board meeting.